



January 31, 2014

To: Executive Board

Subject: **November Financial Statements and Investment Summary**

Recommendation

Receive and file the November Financial Statements and Investment Summary for Fiscal Year 2014.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fifth month of the fiscal year ending June 30, 2014.

Foothill Transit's cash position of \$79.6 million is \$8.6 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$942,700 increase in Other Receivables in November. Sources of cash include a \$5.44 million decrease in Due from Government; \$24,700 decrease in Other Assets increase in accounts payable for \$3.24 million; capital revenue exceeding capital expenditures for \$663,000; and excess operating revenues of \$213,200.

November 2013 year-to-date fare revenues were \$7.56 million, which is \$177,000 less than the budgeted amount. The November 2013 year-to-date revenue is \$145,000 (1.9 percent) less than the November 2012 year-to-date revenue. The slight variation shows the actual revenue is tracking closely with the revenue projected for the fiscal year.

Operating costs through November were \$26.4 million, which is \$4.3 million less than the budget. These costs are \$463,400 or 1.8 percent more than in fiscal year 2013 through November 2012 compared to this same point in FY 2012. The variance is mainly due to a lower budgeted increase in the operations and maintenance costs and fuel costs which are still below budgeted amounts. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of November 30, 2013 shows total assets at \$235.7million. This total consists primarily of \$144.5 million in fixed assets and \$79.6 million in cash and investments. The cash and investments balance includes \$15 million invested in the Local Agency Investment Fund (LAIF); \$27.4 million in non-interest bearing accounts held with Bank of the West; \$23.2 million in an interest bearing account with Bank of the



West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.99 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills. The current interest rates on these accounts are included on Attachment A.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of November 2013 was 0.26 percent; increased slightly compared to the previous month's rate. While the Wells Fargo CDARS are averaging at 0.36 percent and Bank of the West CDARS rate of return is at .070 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost five years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$9.8 million. The amounts payable include \$7.7 million payable to First Transit; \$196,200 for employee benefits; fuel costs of \$730,000; Monrovia Dial-A-Ride service of \$110,000; and \$1,043,700 million for capital projects.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

November 2013 year-to-date fare revenues were \$7.65 million. As stated earlier, this number is \$177,000 or 2.25 percent less than the budget. The November year-to-date revenues are \$1,427,914 more than the previous month. This number is 2.4 percent lower than the November 2012 fare revenues.

Revenues are tracking very close to prior year amounts indicating stable total ridership.

State and Local Funding Subsidies of \$24 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 3.23 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.



Expenses

Operating expenses through November 2013 were \$26.4 million, compared with the year-to-date budget of \$30.7 million. This difference of approximately \$4.3 million resulted in a 14 percent favorable variance. As stated earlier, this was mainly due to the savings on operating and maintenance, fuel and administrative costs.

Farebox Recovery Ratio

The November year-to-date farebox recovery ratio was 29 percent; approximately 3.17 percent higher than the performance target of 25.83 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$7,656,706 by the total operating expense figure of \$26,403,294. This ratio is about 1.07 percent lower than the November 2012 figure of 30.07 percent.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gil Victorio'.

Gil Victorio
Interim Finance Director

A handwritten signature in blue ink, appearing to read 'Doran J. Barnes'.

Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of November 30, 2013

Assets

Current Assets:

Cash	\$ 50,652,769
Investments	28,991,858
Due from government agencies	5,520,977
Other receivables	3,542,604
Other assets	2,462,940
Total Current Assets	<u>91,171,148</u>
Property & Equipment (net of depreciation)	144,512,278
Total Assets	<u><u>\$ 235,683,426</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 9,809,034
Deferred Revenue	51,038,066
Total Liabilities	<u>60,847,099</u>

Equity

Fund Balance:	
Investment in Capital Assets	144,512,278
Current Year Change	4,941,107
Surplus	25,382,942
Total Equity	<u>174,836,326</u>
Total Liabilities and Equity	<u><u>\$ 235,683,426</u></u>

Summary of Cash and
Investment Account
For November 30, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	16,446,826	16,446,826
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.240%	Demand Deposit	7,019,993	7,019,993
Bank of the West-Money Market	0.270%	Demand Deposit	6,001,379	6,001,379
Bank of the West-Money Market	0.240%	Demand Deposit	9,564,246	9,564,246
Bank of the West-CTAF ³ Fund	0.090%	Demand Deposit	655,396	655,396
Bank of the West-Money Market	N/A	Demand Deposit		
Subtotal Cash on Hand			<u>50,652,769</u>	<u>50,652,769</u>
Unrestricted Investments:				
Chase Business Saving	0.120%	Demand Deposit	5,050,451	5,050,451
Bank of the West-CDARS	0.070%	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.360%	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.260%	Demand Deposit	14,955,430	14,955,430
Subtotal Unrestricted Investments			<u>28,991,858</u>	<u>28,991,858</u>
Total Cash and Investments			<u><u>79,644,627</u></u>	<u><u>79,644,627</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended November 30, 2013

	Actual November-13	Budget November -13	Variance Favorable (Unfavorable)	Actual November - 12
Operating Revenue				
Farebox	\$4,306,472	\$4,625,000	(6.89%)	\$4,551,450
Pass Sales	1,295,918	1,291,667	0.33%	1,330,493
TAP Cash Purse	1,071,345	916,667	16.87%	921,673
MetroLink & Access Service	228,955	208,333	9.90%	172,765
EZ Transit Pass	754,015	791,667	(4.76%)	825,418
Total Operating Revenue	7,656,706	7,833,333	(2.25%)	7,801,799
Non-Operating Revenue				
Transportation Development Act	8,679,130	7,714,000	12.51%	7,267,189
STA	1,630,530	1,630,542	(0.00%)	2,030,029
Prop A 40% Discretionary	5,618,315	5,618,333	(0.00%)	5,427,613
Prop A 40% BSCP	1,791,365	1,791,125	0.01%	1,725,123
Prop C BSIP	358,530	358,333	0.05%	351,844
Prop C Base Restructuring	770,085	770,000	0.01%	755,724
Prop C Transit Service Expansion	128,330	128,333	(0.00%)	125,935
Prop C-40%Discretionary/BSCP				
Transit Security-Operating	329,435	329,417	0.01%	295,247
Measure R Operating	3,896,710	3,896,708	0.00%	3,285,962
FTA Sec 5307 Operating				
CMAQ Operating	169,055	416,667	(59.43%)	
Gain on Sale of Fixed Assets				
Auxiliary Revenue	657,805	625,000	5.25%	681,126
Total Non-Operating Revenue	24,029,290	23,278,458	3.23%	21,945,792
Total Revenue	31,685,997	31,111,792	1.85%	29,747,591
Available Capital Funding				
Capital Grants	3,561,004			3,939,080
Other				
Total Revenue and Capital Funding	35,247,001	31,111,792		33,686,671
OPERATING EXPENSES				
Operations	22,240,960	24,494,840	9.20%	21,947,480
Maintenance & Vehicle Technology	211,824	367,175	42.31%	
Marketing and Communications	677,747	833,485	18.69%	516,614
Information Technology	482,671	853,800	43.47%	613,848
Administration	897,983	836,695	(7.33%)	707,907
Procurement	157,505	373,555	57.84%	170,920
Sales and Service	844,277	781,185	(8.08%)	735,357
Finance	292,031	534,295	45.34%	522,090
Safety and Security	123,568	429,430	71.23%	235,461
Planning	242,003	841,310	71.23%	217,669
Building Management & location 61	232,724	350,215	33.55%	272,539
Total Operating Expenses	26,403,294	30,695,985	13.98%	25,939,885
Capital and Other Expenses				
Capital	3,614,592		N/A	3,982,331
Interest			N/A	
Dial-A-Ride	227,153		N/A	235,040
Special Services	60,856		N/A	90,627
Other Misc. expense			N/A	7,165
Total Capital and Other Expenditures	3,902,601		N/A	4,315,163
Increase (Decrease) of Revenues Over Expenditures	\$ 4,941,106			\$ 3,431,623